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FAMILY ALLOWANCES

A Children's Charter

*[Supplement to Question 16-18
inserted.]*





What are

FAMILY ALLOWANCES?



This booklet is issued for the use of Editorial Writers, Teachers, Ministers, Doctors, Nurses, and Welfare Workers who will be asked questions about Family Allowances.

FAMILY ALLOWANCES

A Children's Charter for Canada

Canada's future depends on its children. They are the country's greatest asset. Healthy and happy children, reared in an atmosphere of security, take their place as active and productive members of society.

Yet under present conditions, the major burden of raising the nation's children falls on less than one-fifth of the working population. The value of the child to the community bears no relation to the father's work or income. Each child in the family means increased expenses without providing additional funds whereby the expenses can be met.

Family allowances are going to help Canadian parents meet this financial burden. Money for the child will go directly into the home, the centre of the child's life, where he is fed, clothed, sheltered and cared for. It will go to the mother and father who know the individual needs of their family better than anyone else.

As the years go by, family allowances can help to reduce sickness, disease, crime, illiteracy, inefficiency, and other social ills that have their roots in child upbringing. Since they are given to people who will spend the money, they will create a continuous demand for necessities which will result in increased production and employment.

Family allowances are a simple, fair and effective way to ensure a greater measure of well-being to Canadian citizens of the future. Family allowances are an instalment in social security.



Why do we need

FAMILY ALLOWANCES?

1

Q *What are family allowances?*

A Family allowances are regular cash grants made to families towards the maintenance, care, training, education and advancement of children.

2

Q *Why should the government pay family allowances?*

A One hundred years ago four-fifths of the population were working for themselves. Today, because of increased industrialization, the great majority of the population are earning wages or salaries. Wages are based on work done, not on the number of children in the home. The single man and married man with a family get the same rates of pay for similar work. A married couple cannot be expected to raise healthy children on a wage which may only be enough to support one person. Family allowances help to even things up.

In the same way regular cash allowances will give more equal opportunities to the families of farmers, fishermen and others working on their own. Their receipts likewise depend on what they produce, or do, rather than on the size of their families.

3

Q *Is there any other reason for family allowances?*

A There certainly is. The general prosperity of Canada depends on production, that is, on keeping the wheels of industry and agriculture running. Production depends on demand for goods, or markets. And demand, in turn, depends on buying power. The distribution of \$250,000,000 a year in family allowances will put cash regularly into the pockets of people who need it most. Month in, month out, they will be able to buy more food, more clothing, more of the products of our farms and factories. This will help guarantee steady employment.

EXPERIENCE OF OTHER COUNTRIES

4

Q *Do other countries have family allowances?*

A Family allowances in one form or another have been introduced in more than thirty countries. Some two-thirds of these have been set up by government legislation and the rest by industries, universities, churches, or other community organizations.

5

Q *Has Australia family allowances?*

A Yes. Family allowances were introduced in 1941 and the system is working very well.

6

Q *And New Zealand?*

A Yes. New Zealand introduced family allowances nearly twenty years ago. The amounts paid have been increased several times since. The latest increase was made after the Canadian Act became law, and brings the amount of payment quite close to our own although, all things considered, the Canadian scheme is more generous than any in the world.

7

Q *What is England doing about family allowances?*

A Sir William Beveridge, in his famous report to the British government, said that the system of social security he proposed must be based on three assumptions and the first of these was that there should be a national scheme of family allowances. Without family allowances want cannot be abolished.

Since then the British government has introduced a Family Allowances Bill under which payment will be made to parents for every child after the first. In Canada we have included the first child and our rates of payment are more generous than those proposed in Great Britain.



***What is
the Canadian***

FAMILY ALLOWANCE PLAN?

8

Q *Who receives family allowances?*

A Each child in Canada, under 16 years of age, maintained in a family. In other words nearly all the 3½ million children in Canada.

9

Q *How much does each child receive?*

A Children under 6 years of age	\$5 a month
Children between 6 and 10	\$6 a month
Children between 10 and 13	\$7 a month
Children between 13 and 16	\$8 a month

The allowances are reduced after the fourth child because clothing, school books and other equipment can be used again by the younger children in the family. There will be a reduction of \$1 for the fifth child, \$2 each for the sixth and seventh child and \$3 for each additional child. In other words, the four oldest

children under 16 receive the regular allowance, and additional younger children have their allowance reduced.

Examples

A Family of:	<i>Per Month</i>
two children, aged 7 and 5, would get $\$6 + \5	= \$11
four children, aged 13, 9, 6 and 2, would get $\$8 + \$6 + \$6 + \5	= \$25
eight children, 15, 14, 11, 10, 8, 4, 3, 1, would get $\$8 + \$8 + \$7 + \$7 + \$5 + \$3 + \$3 + \2 ...	= \$43

10

Q *When do payments start?*

A July, 1945.

11

Q *Will family allowances be paid if the parent is sick, disabled, unemployed, loses his job, or if for any other reason, is not working?*

A Yes.

12

Q *How will the allowances be paid for?*

A Out of the general revenue of the Dominion Government.

13

Q *Is it true that some provinces will be paying family allowances or other provinces?*

A No. The Federal Treasury collects taxes from all the people of Canada on an equal basis. Part of these taxes has been paid

by people resident, say, in Quebec, or Ontario, or British Columbia and by corporations having their head offices there. In most provinces a good part of the revenue was earned on business done with people in another province. Similarly, customs duties and sales taxes collected in Montreal may finally be paid in the price of goods sold in Saskatchewan.

14

Q *How much revenue is collected by the Federal Government in each area and how much will be paid out in family allowances*

A The figures below show the revenue totals covering the year ending March 31, 1944, and the estimated family allowance payments for the year beginning July 1, 1945, together with percentages.

AREA	TOTAL FEDERAL TAX COLLECTIONS*		ESTIMATED DISTRIBUTION OF FAMILY ALLOWANCES†	
MARITIMES	\$ 109,000,000	4%	\$ 28,000,000	11%
QUEBEC	905,000,000	34%	84,000,000	33%
ONTARIO	1,235,000,000	47%	75,000,000	29%
PRAIRIES	186,000,000	7%	54,000,000	21%
BR. COLUMBIA	206,000,000	8%	15,000,000	6%
TOTALS	2,641,000,000	100%	256,000,000	100%

*Source—Report of Department of National Revenue for the fiscal year ended March 31, 1944.

†Source—Dominion Bureau of Statistics estimates of child population (under 16) of each province as of July 1, 1945, multiplied by average yearly allowance per child for each province.

RELATION TO INCOME TAX

15

Q *Is it true that those who pay income tax already get what is, in effect, an allowance through a tax reduction for each dependent child?*

A Yes.

16

Q *Will they receive both the family allowance and their present income tax deduction?*

A No. They will be paid the family allowance, but the amount of their tax deduction will be reduced by the amount of the family allowance that they will receive. In other words, those whose present tax deduction is already greater than the amount of their family allowance, will be in the same position as before. Those whose tax deduction is less than their family allowance, will benefit.

17

Q *Will people have to apply for the family allowance if income tax deductions for their children are more than they would receive by way of family allowance?*

A No. Income tax payers have the option of applying for the family allowance or of waiving their claim to the family allowance and claiming the full deduction for their children under income tax.

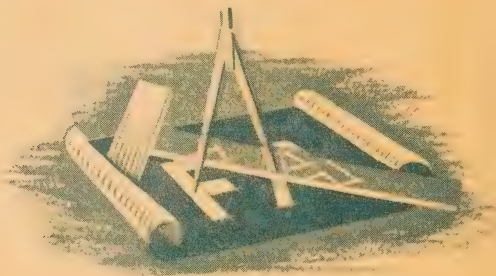
No one can say in advance, however, that he or she will not benefit from family allowances. Incomes may change during the course of a year. Anyone who is uncertain whether or not he or

she will benefit from family allowances more than from the tax deduction should register for the family allowance and in this way be on the safe side. The income tax payer who applies for and receives, the family allowance can't possibly be worse off—he will, in most cases be better off.

18

Q *Will the allowance count as income for income tax purposes?*

A No, it is not income for taxation purposes.



HOW WILL THE PLAN WORK?

REGISTRATION

19

Q *Where can registration or application forms be obtained?*

A Forms will be delivered through the post office to every household in which children under 16 are living. Additional forms can be obtained at any post office.

Supplementing Questions 16 to 18 in Booklet
"FAMILY ALLOWANCES — A CHILDREN'S CHARTER"

FAMILY ALLOWANCES

AND INCOME TAX

THE following explanation will help to clarify the relationship between Family Allowances and Income Tax credits for dependent children. Family Allowances are payable from July 1st, 1945, and the registration of children is now taking place.

The Family Allowances Act was designed to help provide children with medical, dental and nursing services, more nourishing food, adequate clothing and shelter and to give parents a chance to equalize opportunities for their children. When the Act was passed, Parliament approved the principle that there should be no duplication of benefits by way of Family Allowances *and* Income Tax credits for the same child. An amendment to the Income War Tax Act will be made to deal with this duplication. In the meantime, however, the Government proposes, for the last six months of 1945 during which Family Allowances are payable, to remove duplication by adjusting the income tax credits received for children.

It is natural that parents in the low income groups will be expected to receive maximum benefits from Family Allowances. Partial benefits will be received, however, by parents with incomes up to \$3,000.

The table on the next page shows the effect of the adjustments which the Government has decided to make. For convenience and simplicity the benefits received by each income group are shown as a per cent of the Family Allowances received. The table shows:



HOW BENEFITS APPLY

(a) Heads of families receiving incomes in 1945 of \$1200 or less will benefit to the extent of the full amount of the Family Allowances received. As they are not required to pay income tax, there is no duplication to remove.

(b) Heads of families receiving incomes in 1945 in excess of \$1200, but not in excess of \$3,000, will *in effect* retain the full value of their present income tax credits and in addition a percentage of the actual Family Allowances received.

(c) Heads of families with incomes in excess of \$3,000 will retain the full income tax credits for children if they do not receive Family Allowances. These taxpayers may, however, apply for Family Allowances to protect themselves against a possible decrease in income at a later date which might bring them into a lower income range where they would benefit from Family Allowances. In such cases if the income remains in excess of \$3,000, the income tax credits for children would be reduced to the full amount of Family Allowances received.

TABLE SHOWING EFFECT OF ADJUSTMENT FOR 1945

AMOUNT OF TAXABLE INCOME				Percent by which taxpayers will benefit from Family Allowances in addition to present income tax credits, for 1945	
	Not over \$1200	.	.	100%	
Over \$1200 but not over 1400	.	.	.	90%	of
" 1400 " " " 1600	.	.	.	80%	the
" 1600 " " " 1800	.	.	.	70%	actual
" 1800 " " " 2000	.	.	.	60%	Family
" 2000 " " " 2200	.	.	.	50%	Allowance
" 2200 " " " 2400	.	.	.	40%	received
" 2400 " " " 2600	.	.	.	30%	in the
" 2600 " " " 2800	.	.	.	20%	year
" 2800 " " " 3000	.	.	.	10%	1945.
" 3000	.	.	.	0%	

NOTE:—This table applies to married persons and others having the status of married persons for income tax purposes. For the relatively small number of single persons supporting children and not having married status for income tax purposes, and for members of the Armed Forces, special tables can be obtained from the Regional Director of Family Allowances in each provincial capital.

FAMILY ALLOWANCES WILL BE PAID IN FULL

cases, those who apply for and eligible to receive Family allowances will receive them in month by month. See scale at:

as is possible, to take care of adjustments necessary to avoid reduction of benefits, current tax deductions at the source are adjusted to take into account new situation when Family allowance payments commence. This will avoid placing an awkward burden on the taxpayers at the end of the year.

SCALE OF MONTHLY ALLOWANCES FOR THE FIRST FOUR CHILDREN

For each child

Under 6	\$5.00
From 6 to 9 (inclusive)	6.00
From 10 to 12 (inclusive)	7.00
From 13 to 15 (inclusive)	8.00

Where there are more than four children under 16 in the family, the monthly allowance for each child after the fourth will be reduced in accordance with the provisions of the Family Allowances Act.

FAMILY ALLOWANCES ARE NOT TAXABLE

Attention is drawn to the fact that the income ranges used in the table opposite refer to *taxable* income, and any amounts received as Family Allowances should not therefore be included in calculating taxable income for this purpose because Family Allowances are *not* taxable.

Family Allowances are also additional to dependents' allowances for servicemen's families and military pensions.

For children registered after July 1st, 1945, Family Allowances will be paid as from the month following the month when registration is made. Family Allowances are not paid retroactively.

EXAMPLE 1

Family with two children, age 6 and 8, with total income during 1945 of \$1200.

TOTAL FOR SIX MONTHS OF 1945

First Child	\$36.00
Second Child	36.00
	<hr/> \$72.00

As this family does not benefit by way of income tax credits, it receives and pays the full amount as shown on the opposite page.

EXAMPLE 2.

Family with two children, ages 6 and 8, with total income during 1945 of \$1950.

TOTAL FOR SIX MONTHS OF 1945

First Child	\$36.00
Second Child	36.00
	<hr/> \$72.00

Amount returnable, being loss of income tax credits

28.80

Amount retained (60%, see table) \$43.20

Brooke Claxton

Minister

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REGISTER NOW!

If you intend to apply for Family Allowances,
but have not already done so, please complete
and mail Family Allowances Registration Form.
Forms may be obtained at the nearest post office.



Published under the authority of
Hon. BROOKE CLAXTON, *Minister,*
Department of National Health and Welfare, Ottawa

20

Q Are birth certificates required with the application?

A No. Through the cooperation of the provinces, births noted on the registration forms will be checked against provincial records. In some cases a further inquiry may have to be made of the parent or other applicant (especially for children born outside Canada, unless birth certificates are attached to the application).

21

Q Can registration be made in any language other than English or French?

A No. Any person speaking a foreign language should secure assistance in registering in either English or French, and should take particular pains to write clearly so that there can be no mistake as to names and addresses necessary to make payments.

22

Q Should Indians register?

A Yes. Forms will be sent to the Indian Agents who will conduct the registrations.

23

Q Should Eskimos register?

A Yes. Forms will be sent to the official registrars of vital statistics in the areas where Eskimos live. They will conduct the registrations.

24

Q How should people who cannot write fill in their forms?

A The registration form should be completed for them and they should sign by making their mark in the presence of two witnesses.

25

Q *What about children born after the initial registration?*

A Their births should be immediately registered with the Provincial Vital Statistics authorities in the usual way, and registration should also be made on a form obtained from the Regional Director of Family Allowances, or local post office. The form should be completed and mailed to the Regional Director of Family Allowances in your province.

26

Q *Are birth certificates required in these cases?*

A No. Registrations will be checked against provincial records of births.

27

Q *Do deaths have to be reported?*

A Yes. Regional Directors of Family Allowances should be notified at once. Deaths should also be registered in the usual way with provincial authorities.

28

Q *Why are family allowances administered from the Regional Office in the capital of each province.*

A Births of children have to be checked against the vital statistics records, and these are kept at the capital of each province. It was therefore decided to put an office in each

provincial capital at which registration would be made, births and other statistics verified, and from which cheques would be issued. This also avoids congestion in Ottawa.

METHOD OF PAYMENT

29

Q *How and when will payment be made?*

A Payment will be made by cheque each month from the Dominion Treasury. The first cheques will be issued during the month of July.

30

Q *To whom will the cheques be payable?*

A It is expected that the payment will be made in most cases to the mother.

31

Q *Will there be one cheque for each child or one cheque for the entire family?*

A One cheque for the entire family.

32

Q *What should be done when a cheque is not received?*

A Immediate notification should be given to the Regional Director of Family Allowances in your province.

SPECIAL GROUPS

33

Q *Will a family allowance be paid for a child above the age of 6 who is not attending school?*

A Under the Family Allowances Act the allowance is not payable in respect of a child who, being above the age of six years and physically fit to attend school, fails to attend school or to receive equivalent training.

34

Q *Will family allowances be paid to any person whose children are not mainly dependent on him for support?*

A No.

35

Q *Are adopted children included?*

A Yes. Adopted children are treated just like other children. In fact there does not need to be any legal adoption provided the person is actually maintaining the child.

36

Q *Are allowances to be paid to institutions?*

A No. The purpose of the Act is to help parents provide properly for the health and welfare of their children. Where, however, a parent is supporting a child in an institution the parent will be paid the allowance.

37

Q *Will family allowances be paid even if a person is receiving mothers allowances, dependents' allowances, war pensions, merchant marine allowances, rehabilitation grants, unemployment insurance, and workmen's compensation?*

A Yes.

RESIDENCE QUALIFICATIONS

38

Q *Can children living elsewhere move to Canada and receive the allowance immediately?*

A No. They must have lived in Canada for at least three years except for the children of Canadian service men or women and the children of Canadians temporarily out of Canada.

39

Q *Do the children of a Canadian service man or woman overseas get an allowance upon their return to Canada?*

A Yes. Children of any Canadian man or woman serving overseas get an allowance immediately upon their taking up residence in Canada. So do the children of Canadians who have been temporarily out of Canada on business, war work, or the like. No allowance will be paid except to a resident of Canada.

MISUSE OF ALLOWANCE

40

Q *How can we know the money will be used for the children?*

A The great majority of Canadian parents can be trusted to see that the money is used for their children. Experience has shown that over 97 per cent of the 600,000 wives and mothers receiving dependents' allowances are able to administer their own allowances. A very few are being guided by social agencies. Studies have been made on the expenditure of cash relief during the depression. In both Canada and the United States it was found that only a very small percentage spent money unwisely. Some estimates are as low as one per cent.

41

Q *What is going to be done about the small percentage who misuse the allowance?*

A If the money is wrongfully used, the matter will be reported to the Director of Family Allowances. If on investigation it is established as desirable, payment will be made to someone who will handle the money for the benefit of the child.

42

Q *How are the investigations to be made in cases where it is claimed that the money is not being properly spent?*

A This may vary from province to province depending on arrangements that can be made so as to do this job most efficiently and economically and in the best interests of the child. In most provinces it is hoped that it may be done through existing agencies. In some cases it may be necessary to employ special personnel.

RIGHT OF APPEAL

43

Q *If any person feels that there has been any injustice done him regarding his right to receive the allowance, the amount of the allowance, or any other matter, what can he do?*

A He can appeal to a tribunal which will be set up for this purpose.

44

Q *What kind of tribunal will this be?*

A It will be a committee of men and women qualified by experience and character to make fair decisions.

45

Q *Will the information given in the registration form be treated in confidence?*

A Yes. Provision is made in the regulations against disclosing information.

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